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Contact: Drew Nannis (202) 225-5065

STARK THANKS TAX PANEL FOR RECOMMENDATIONS ON EMPLOYER-SPONSORED HEALTH BENEFITS: "MOVES US TOWARD UNIVERSAL HEALTH CARE"

WASHINGTON – Today, U.S. Rep Pete Stark (D-CA, 13th) released the following statement in reference to the President's Advisory Panel on Federal Tax Reform recommendation to cap the amount that employers can exclude from taxes for the provision of health insurance for their employees.

"If implemented, the President's Advisory Panel on Tax Reform recommendations on employer-sponsored health care will dismantle our current health care system. By limiting this exclusion, up to 160 million working Americans and their families will be forced to fend for themselves as employers reduce coverage and shift even more costs to employees. As health care premiums continue to rise far faster than inflation, our current system will collapse.

"Perversely – and certainly not the goal of the Bush Administration – the collapse of employer-provided insurance would make the strongest case to date for universal health care.

"I've been working for universal health care for more than 30 years. If this recommendation is enacted, it may well be the stimulus needed to finally achieve universal health care for all Americans."

BACKGROUND: More than 160 million people – approximately 60 percent of non-elderly Americans – rely on employer-sponsored coverage. Employer-sponsored coverage is by far the primary insurer of non-elderly Americans.

Under current law, amounts paid by employers and employees (including the self-employed) toward the cost of health insurance premiums are not taxed. The Tax Panel's proposal would cap the amount that can be excluded at the average cost of a policy in 2005, thus inviting employers to reduce coverage. Although the proposal's cap is indexed to inflation, because health care costs rise faster than other parts of the economy, the value of this tax benefit will quickly erode. While some proponents may claim that this will make people more "cost conscious," it is simply a tax-hike for the middle class cloaked in the ideology of tax reform.